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I CAN'T TELL YOU HOW PLEASED I AM TO HAVE THE OPPORTUNITY TO ADDRESS THE AMERICAN COUNCIL ON CONSUMER INTERESTS AGAIN. I REMEMBER VERY WELL MY LAST MEETING WITH YOU AT YOUR CONVENTION IN ATLANTA IN 1976.

IN THOSE DAYS EARL BUTZ RAN THE U.S. DEPARTMENT OF AGRICULTURE. HE STOOD ON THE STAGE OF THE DEPARTMENT'S AUDITORIUM AND FIGURATIVELY DARED CONSUMERS TO EXPRESS INTEREST OR CONCERN ABOUT AMERICA'S FOOD SYSTEM. EARL BUTZ IS OUT MAKING SPEECHES INSTEAD OF MAKING POLICY. HE GETS PAID NOW FOR THE KIND OF CRACKS THAT GOT HIM FIRED TWO YEARS AGO. MAKING SPEECHES PAYS BETTER THAN BEING SECRETARY SO I GUESS THAT WE ALL BENEFIT BY HAVING HIM IN THAT UNOFFICIAL ROLE.

HIS BELIEF THAT FOOD AND THE DEPARTMENT OF AGRICULTURE BELONG ONLY TO A NARROW SEGMENT OF COMMERCIAL FARMING REJECTED THE HISTORICAL ROLE OF THE DEPARTMENT. WHEN LINCOLN CREATED THE USDA, HE CALLED IT "THE PEOPLE'S DEPARTMENT." BOB BERGLAND IS WORKING TO RESTORE INTEGRITY OF USDA AS THE PEOPLE'S DEPARTMENT.

ONE WAY THAT IS IN EVIDENCE IS SECRETARY BERGLAND'S BELIEF THAT THE NATION NEEDS A "NUTRITION POLICY" FROM WHICH WE CAN BUILD A FOOD POLICY. THESE MUST SERVE THE FRAMEWORK FOR FARM POLICY. THERE IS NO WAY THEY CAN BE SEPARATED.

THROUGH MOST OF HISTORY, THE HUMAN STRUGGLE FOR FOOD HAS BEEN DIRECTED PRIMARILY AT SIMPLY GETTING ENOUGH TO EAT. THIS HAS LED TO GOVERNMENT FOOD POLICIES THAT HAVE FOCUSED MAINLY ON INCREASED PRODUCTION, BETTER MEANS OF FOOD PRESERVATION, AND IMPROVED SYSTEMS FOR THE TRANSPORTATION AND DISTRIBUTION OF FOOD.

NOW, WE ARE AT A POINT WHERE WE HAVE ACHIEVED A HIGH DEGREE OF SUCCESS IN SATISFYING OUR DOMESTIC NEEDS FOR ADEQUATE PRODUCTION, PRESERVATION, AND DISTRIBUTION. YET OUT OF OUR VERY SUCCESSES, NEW AND TROUBLING ISSUES ARISE.

TODAY, PRODUCTION IN THIS COUNTRY IS SO LARGE AND RELIABLE THAT WE ARE ABLE TO FEED OURSELVES AND A LARGE PORTION OF THE REST OF THE WORLD AND USE FOOD SALES TO HELP BALANCE TRADE DEFICITS. YET THIS HAS ALSO MEANT THAT WE HAVE RECURRING SURPLUSES AND THAT PRODUCERS HAVE TROUBLE SURVIVING.

MOREOVER, ALTHOUGH MILLIONS OF AMERICANS ARE UNABLE TO GET ENOUGH TO EAT WITHOUT ASSISTANCE, FOR MILLIONS OF OTHERS NUTRITIONAL PROBLEMS ARE A RESULT OF CONSUMING TOO MUCH FOOD.

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Remarks prepared for delivery by Carol Tucker Foreman, Assistant Secretary for Food and Consumer Services before the Annual Conference of the American Council on Consumer Interests, Chicago, Illinois, April 20, 1978, 4:30 P.M EST



WE HAVE BEEN SO SUCCESSFUL IN USING CHEMICALS TO INCREASE PRODUCTION, RETARD SPOILAGE AND PRESERVE FOODS THAT WE MUST NOW BE CONCERNED WITH THE HEALTH EFFECTS OF CHEMICALS THEMSELVES.

WE HAVE BECOME SO DEPENDENT UPON FOOD PROCESSING AND UPON NATIONWIDE FOOD DISTRIBUTION SYSTEMS THAT THE FARM VALUE OF PRODUCTION BEARS LITTLE RELATIONSHIP TO FINAL COSTS OF FOOD.

AND FINALLY, BECAUSE DOMESTIC POPULATION GROWTH IS LEVELING OFF AND URBANIZATION HAS SLOWED DOWN, THE RATE OF INCREASE IN DOMESTIC DEMAND FOR FOOD -- WHICH HAS BEEN GROWING DRAMATICALLY FOR YEARS -- MAY BE SLOWING DOWN.

WE NEED TO BEGIN GIVING THE MOST SERIOUS CONSIDERATION TO FORGING A NEW FOOD POLICY -- A POLICY THAT RESPONDS TO THE DILEMMAS FACING US TODAY IN A CHANGED WORLD.

THE GOAL OF THIS NEW POLICY SHOULD BE TO MAKE AVAILABLE AN ADEQUATE SUPPLY OF SAFE, NUTRITIOUS FOOD AT STABLE, REASONABLE PRICES -- WHILE PROVIDING A FAIR RETURN ON INVESTMENT TO FARMERS, PROCESSORS AND RETAILERS, AND DECENT WAGES TO WORKERS IN THE INDUSTRY. THE NEW POLICY SHOULD ALSO BE DESIGNED TO PROVIDE FOR ASSISTANCE TO THOSE AT HOME AND ABROAD WHO CANNOT AFFORD THE COST OF A NUTRITIOUS DIET.

I WOULD LIKE TO SHARE WITH YOU THIS AFTERNOON MY VIEWS ABOUT WHAT A NEW FOOD POLICY MIGHT LOOK LIKE. I BELIEVE WE WILL HAVE TO CONSIDER AT LEAST SIX ELEMENTS.

I WOULD LIKE TO DISCUSS THOSE ELEMENTS IN SOME DETAIL. BUT FIRST, I THINK IT'S NECESSARY TO OBSERVE THAT THIS NEW POLICY WOULD INVOLVE CHANGE -- INCLUDING CHANGE IN SOME OF OUR EXISTING PROGRAMS AND POLICIES. IT IS IMPORTANT THAT IF SUCH CHANGES ARE MADE, THE RESULTING BURDENS SHOULD BE SPREAD ACROSS THE POPULATION TO THE GREATEST EXTENT POSSIBLE. IT IS UNREASONABLE TO ASSUME THAT FARMERS OR PROCESSORS OR ANY OTHER SEGMENT OF THE POPULATION SHOULD HAVE TO CARRY ALL THE BURDEN OF CHANGE. AT A MINIMUM, CHANGE MAY REQUIRE SOME ADJUSTMENT ASSISTANCE TO THOSE WHO WILL HAVE TO MODIFY THEIR TRADITIONAL WAY OF DOING BUSINESS. FURTHER, CONSUMER PRICES MAY INCREASE AS THE COSTS OF CHANGES IN PROCESSING AND RETAILING ARE PASSED ON. BUT, IN THE LONG RUN, THE COSTS OF A NEW SYSTEM SHOULD BE MORE THAN COMPENSATED FOR BY INCREASED EFFICIENCY AND COMPETITION, REDUCED COSTS FOR ADVERTISING AND SOME PROCESSING, MORE STABLE PRICES, A HALT TO THE PRECIPITOUS DECLINE OF MODEST-SIZED FARMS AND PERHAPS MOST IMPORTANT, REDUCED HEALTH CARE COSTS AS NUTRITION IMPROVES AT HOME AND ABROAD.

NOW, TO THE SIX ELEMENTS OF THE NEW POLICY.



## I. DETERMINATION OF NUTRITIONAL NEEDS

FIRST, A FOOD POLICY SHOULD BE BASED ON A DETAILED ASSESSMENT OF WHAT THE NUTRITIONAL NEEDS OF THE PEOPLE ARE. TO EVEN BEGIN TO DEVELOP A FOOD POLICY, WE MUST FIRST KNOW WHAT PERSONS IN VARIOUS AGE, SEX, RACIAL AND ETHNIC GROUPS, LIFESTYLES AND GEOGRAPHIC LOCATIONS NEED NUTRITIONALLY FOR OPTIMAL GROWTH AND PERFORMANCE AND CONTINUED WELL BEING. DETERMINING THESE NEEDS WILL REQUIRE A COMMITMENT TO INCREASED HUMAN NUTRITION RESEARCH. A SMALL PROGRAM OF NUTRITION RESEARCH HAS BEEN CARRIED OUT IN THE UNITED STATES SINCE THE 1870'S BUT WE STILL DO NOT HAVE ADEQUATE ANSWERS TO SOME OF THE MOST BASIC QUESTIONS.

FOR EXAMPLE, THE RECOMMENDED DAILY ALLOWANCES OF VARIOUS NUTRIENTS ARE WIDELY USED, BUT ARE OFTEN OF LIMITED VALUE IN HELPING A PERSON SELECT A PROPER DIET SUITED TO PARTICULAR STAGES OF LIFE AND LEVEL OF PHYSICAL OR MENTAL ACTIVITY. FOR SOME NUTRIENTS (SUCH AS SOME TRACE MINERALS) SO LITTLE RELIABLE DATA EXISTS THAT NO RDA AT ALL HAS BEEN ESTABLISHED ALTHOUGH THE NUTRIENTS MAY BE ESSENTIAL TO GOOD HEALTH.

WE ALSO NEED RESEARCH ON THE RELATION OF DIET TO DISEASE. IT NOW APPEARS THAT 6 OUT OF THE 10 LEADING CAUSES OF DEATH IN THE UNITED STATES MAY BE DEGENERATIVE DISEASES WHOSE ONSET MAY TO SOME DEGREE BE RELATED TO NUTRITIONAL FACTORS. SOME RECENT STUDIES HAVE LINKED VARIOUS NUTRITIONAL FACTORS TO CANCER.

AT THE SAME TIME, WE NEED TO LEARN MORE ABOUT THE NUTRITIONAL CONSEQUENCES OF OUR INCREASING RELIANCE ON CONVENIENCE FOODS, PROCESSED FOODS, AND EATING AWAY FROM HOME.

TO FORGE AN EFFECTIVE FOOD POLICY, WE WILL NEED NOT ONLY TO INCREASE OUR KNOWLEDGE OF NUTRITIONAL REQUIREMENTS -- BUT ALSO TO DETERMINE WHAT LEVELS AND TYPES OF PRODUCTION ARE NECESSARY TO MEET THESE NEEDS. THIS WILL REQUIRE AN ABILITY TO TRANSLATE NUTRITIONAL NEEDS INTO PRODUCTION TERMS. WE SHOULD KNOW, FOR EXAMPLE, HOW MUCH WHEAT AND WHAT KINDS OF WHEAT SHOULD BE PRODUCED TO INSURE PEOPLE WITH ADEQUATE LEVELS OF B VITAMINS. IT IS ALSO IMPORTANT THAT WE KNOW WHAT NUTRIENTS ARE AVAILABLE AT CONSUMPTION AFTER PROCESSING. NATURALLY-OCCURRING VITAMINS CHANGE WHEN WHEAT IS MILLED. WE WILL NEED TO KNOW IF THE VITAMINS CAN BE REPLACED BY FORTIFICATION. THESE AND SIMILAR ASSESSMENTS WILL HAVE TO DEAL WITH THE COMBINATIONS REQUIRED TO PROVIDE THE NECESSARY NUTRIENTS IN DIETS AS CONSUMED, NOT JUST AS GENERATED IN THE LABORATORY.



## II. THE U.S. ROLE IN FEEDING THE WORLD

THE SECOND ELEMENT OF A NATIONAL FOOD POLICY IS THE ROLE THE U.S. CHOOSES TO PLAY IN MEETING INTERNATIONAL FOOD AND NUTRITION NEEDS. THE FEDERAL GOVERNMENT MUST DETERMINE WHAT PORTION OF THIS WILL BE DONE THROUGH TRADE, WHAT PORTION THROUGH ASSISTANCE AND HOW MUCH ADDITIONAL PRODUCTION IS NECESSARY TO MEET THOSE NEEDS.

THE 1977 FARM ACT CALLS FOR A DOMESTIC GRAIN RESERVE SYSTEM. IT ALSO ENCOURAGES THE SECRETARY OF AGRICULTURE TO "ENTER NEGOTIATIONS WITH OTHER NATIONS TO DEVELOP AN INTERNATIONAL SYSTEM OF FOOD RESERVES" FOR HUMANITARIAN RELIEF. PARTICIPATION IN AN INTERNATIONAL EMERGENCY FOOD RESERVE IS CRUCIAL IF THE U.S. IS TO LIVE UP TO ITS INTERNATIONAL OBLIGATIONS. IT CAN ALSO DEMONSTRATE THAT PARTICIPATION IN SUCH A SYSTEM WILL NOT RUIN DOMESTIC FARM PRICES OR DESTROY FOREIGN FOOD MARKETS.

BUT THE COMPLEXITY OF INTERNATIONAL FOOD ISSUES DEMANDS MORE THAN A RESERVE SYSTEM. THROUGH PUBLIC LAW 480, AMENDED SLIGHTLY BY THE 1977 ACT, THE FEDERAL GOVERNMENT HAS FOR 23 YEARS USED U.S. FARM PRODUCTION AS BOTH A MEANS OF DEVELOPING FOREIGN MARKETS FOR U.S. GOODS AND AS A MEANS OF PROVIDING FOOD AID. A NATIONAL FOOD POLICY MUST DETERMINE HOW TO BALANCE THE NEED OF HUNGRY PEOPLE ABROAD WITH THE NEEDS OF AMERICAN PRODUCERS EAGER TO FIND NEW MARKETS. WE CANNOT ALLOW OVER-EMPHASIS ON ONE TO UNDERCUT THE IMPORTANCE OF THE OTHER. NOR CAN WE PERMIT POLITICAL CONSIDERATION TO DETERMINE WHERE WE PROVIDE DECENT ASSISTANCE.

MAINTAINING GOOD, STABLE TRADE RELATIONSHIPS IS EXTREMELY IMPORTANT. IT IS CLEAR THAT A VIGOROUS TRADE PROGRAM IS ESSENTIAL TO KEEPING STABILITY IN OUR BALANCE OF PAYMENTS. IN ADDITION, STABLE TRADE RELATIONSHIPS PROTECT AMERICAN FARMERS -- AND CONSUMERS -- FROM THE FLUCTUATIONS OF A SPECULATIVE MARKET IN FOOD EXPORTS. WE MUST STRIVE TO AVOID THE CIRCUMSTANCES THAT HAVE LED IN THE PAST TO PRESSURES FOR EMBARGOES ON FOOD EXPORTS. THE EMBARGOES OF SOYBEANS IN 1974 AND WHEAT IN 1975 BENEFITED NO ONE. TRADING PARTNERS AND FARMERS WERE HURT. NO DISCERNIBLE BENEFITS ACCRUED TO CONSUMERS. EMBARGOES ARE BASICALLY AN ADMISSION OF POLICY FAILURE AND IN AN ECONOMY LIKE OURS, IN WHICH FOOD IS THE KEYSTONE, WE CANNOT AFFORD SUCH FAILURES.

ONE FINAL POINT. ALTHOUGH AMERICA'S CAPACITY FOR FOOD PRODUCTION IS UNPARALLELED IN THE WORLD, WE CANNOT PERMIT THE NEED TO SELL AMERICAN FOOD ABROAD TO DESTROY THE INCENTIVE FOR OTHER LESS DEVELOPED NATIONS TO BECOME MORE SELF-RELIANT IN FOOD PRODUCTION. THE U.S. CANNOT BASE ITS ENTIRE FOOD ECONOMY ON EXPORTS.



### III. STIMULATION OF ADEQUATE PRODUCTION

THE THIRD ELEMENT OF A BASIC FOOD POLICY IS TO STIMULATE AND SUSTAIN PRODUCTION ADEQUATE TO MEET DOMESTIC AND INTERNATIONAL NUTRITION NEEDS, AND OUR COUNTRY'S TRADE NEEDS.

IN ONE SENSE, THIS DOES NOT REPRESENT A MAJOR DEPARTURE FROM THE POLICIES WE HAVE FOLLOWED FOR A NUMBER OF YEARS. GOVERNMENT POLICIES HAVE LONG ENCOURAGED CERTAIN KINDS OF PRODUCTION AND MARKETING AND DISCOURAGED OTHERS THROUGH SUPPORT PRICES, RESEARCH AND REGULATION. GOVERNMENT PRODUCTION POLICIES HAVE NEVER BENEFITED ALL PRODUCERS EQUALLY. LIVESTOCK GROWERS, FOR EXAMPLE, ARE NOT COVERED BY SUPPORT PROGRAMS. FRUIT AND VEGETABLE PRODUCERS ARE ONLY SPORADICALLY COVERED BY FEDERAL AND STATE MARKETING ORDERS. FEDERAL GOVERNMENT ACTIONS HAVE ALWAYS HELPED SOME AREAS OF AGRICULTURE AT THE EXPENSE OF OTHERS. SUPPORT PROGRAMS LEADING TO HIGHER FEED GRAIN PRICES, FOR EXAMPLE, HURT LIVESTOCK PRODUCERS.

WHAT A NEW FOOD POLICY MUST DO IS TO REASSESS WHICH AREAS OF AGRICULTURE ARE SUPPORTED AND PROMOTED. IN THE FUTURE, THE BASIS OF SUCH DECISIONS MUST BE TO MEET NUTRITION AND TRADE NEEDS. THIS WILL NECESSARILY INVOLVE A REORIENTATION OF PRODUCTION PATTERNS.

NATURALLY, A NEW FOOD POLICY THAT REORIENTS PRODUCTION PATTERNS AND SUPPORT SYSTEMS WILL INITIALLY BE REGARDED AS THREATENING BY SOME PERSONS. BUT THE NEW POLICY DOES NOT HAVE TO BE A THREAT. CHANGES CAN BE CAREFULLY DESIGNED TO AVOID INEQUITIES, TO MAKE SURE THAT ONE REGION OF THE COUNTRY OR SOME GROUP OF PRODUCERS IS NOT VICTIMIZED BY NEW POLICY GOALS, AND TO REMEDY INEQUITIES.

INDEED, ANY NEW POLICY MUST BE CONSTRUCTED SO THAT OVER THE LONG RUN, IT WILL CAUSE LESS DISLOCATION AND BE LESS INEQUITABLE THAN THE POLICIES OF THE PAST. IN PREVIOUS YEARS FEDERAL POLICIES, AND THE RESULTS OF FEDERALLY FUNDED RESEARCH, HAVE CAUSED ECONOMIC DISLOCATION OF FARMERS (ESPECIALLY SMALL FARMERS), OF FARMWORKERS, AND OF SOME PROCESSORS AND RETAILERS -- AND USUALLY WITHOUT ANY COMPENSATION.

THERE ARE, OF COURSE, A NUMBER OF FACTORS THAT WOULD LIMIT REORIENTATION OF PRODUCTION PATTERNS. AMONG THESE ARE GEOGRAPHICAL FACTORS AND FARMERS' KNOWLEDGE OF NEW AND DIFFERENT CROPS.



ONE EXAMPLE OF THE TYPE OF ACTION I AM TALKING ABOUT, IN SHAPING PRODUCTION POLICY TO MEET NUTRITION AND TRADE NEEDS, IS THE CREATION OF A DOMESTIC WHEAT AND FEED GRAIN RESERVE. THE NEW RESERVE SYSTEM ESTABLISHED BY THE 1977 FOOD AND AGRICULTURE ACT IS AIMED AT PROTECTING FARMERS AGAINST LOW PRICES IN YEARS OF SURPLUS, AND AT PROVIDING AN EMERGENCY FOOD SUPPLY TO MEET DOMESTIC NUTRITION NEEDS. THE CREATION OF THE GRAIN RESERVE PROVIDES A FLOOR FOR FARM PRODUCTION AND IS A BASIC STEP TOWARD STABLE PRICES FOR SOME OF OUR MOST ESSENTIAL CROPS. IT ALSO WILL PROVIDE THE OPPORTUNITY FOR GOVERNMENT TO PROVE IT CAN ADMINISTER A PRODUCTION PROGRAM EQUITABLY.

#### LAND PRICE PROBLEMS

ONE FUNDAMENTAL ISSUE OF PRODUCTION POLICY THAT WAS NOT ADDRESSED BY THE 1977 ACT IS THE PROBLEM OF SKYROCKETING LAND COSTS. RECORD GRAIN PRICES IN 1972 KICKED OFF A BOOM IN LAND PRICES THAT HAS NOT RELENED, DESPITE THE DROPPING GRAIN PRICES FARMERS NOW FACE.

NATIONALLY, AGRICULTURAL LAND PRICES HAVE DOUBLED, ON THE AVERAGE, SINCE 1971. IN THE MIDWEST, PRICES HAVE TRIPLED. IN THE MID-ATLANTIC AREA URBAN DEVELOPMENT PRESSURES HAVE PUSHED UP LAND PRICES. IN THE MIDWEST, SPECULATION BASED ON HIGH FARM PRICES HAS PUSHED UP COSTS.

IT IS ESTIMATED THAT A NEW FARM NEEDS \$500,000 TO BUY A FARM AND ENTER PRODUCTION. FEW INDIVIDUALS HAVE ACCESS TO THE CREDIT NECESSARY TO BORROW \$0.5 MILLION. THIS ENCOURAGES PURCHASE OF LAND BY BANKS, FOREIGN INVESTORS AND CORPORATIONS, AND IT ENCOURAGES RENTING RATHER THAN FARMER OWNERSHIP OF LAND.

MOREOVER, IF LAND COSTS CONTINUE TO INFLATE AS THEY HAVE, THE NATION CAN EXPECT EVER-HIGHER CONSUMER FOOD PRICES -- WHICH WOULD IN TURN, IF PAST TRENDS REMAIN TRUE, FURTHER INFLATE LAND COSTS. IN ADDITION, CONTINUOUSLY INFLATING LAND COSTS WILL EFFECTIVELY DOOM THE FAMILY FARM AND SERIOUSLY DEplete COMPETITION AMONG FOOD PRODUCERS. SUCH A RESULT IS CLEARLY OUT OF LINE WITH FOSTERING STABLE PRICES.

THE FEDERAL GOVERNMENT SHOULD BEGIN AN INTENSIVE INVESTIGATION OF THE REASONS FOR RISING LAND COSTS AND BEGIN TO DEVELOP POLICY RECOMMENDATIONS TO SLOW THE TREND. AT THE SAME TIME THE DEPARTMENT OF AGRICULTURE MUST CONTINUE TO DEVELOP MORE SATISFACTORY FORMULAS FOR DEALING WITH LAND COSTS IN SUPPORT PROGRAMS.



FINALLY, A NEW PRODUCTION POLICY WILL HAVE TO ASSURE THE FARMER OF ADEQUATE SUPPLIES OF THE ELEMENTS OF PRODUCTION. THE ENERGY CRISIS OF 1973, AND ITS RESULTING FUEL/FERTILIZER PRICE SPIRAL, PROVED HOW VULNERABLE OUR FOOD SYSTEM, AND INDIVIDUAL FARMERS, ARE TO ENERGY SHORTAGES. CONSIDERATION SHOULD BE GIVEN TO THE POSSIBILITY OF MANDATORY ALLOCATION OF PETRO-CHEMICALS FOR FARM USE. A NEW PRODUCTION POLICY MIGHT ALSO INCLUDE ENERGY AND SOIL CONSERVATION INCENTIVES AND INCENTIVES FOR NEW KINDS OF ENERGY-SAVING PEST CONTROL AND FERTILIZATION TECHNIQUES.

#### IV. REASONABLE FOOD COSTS

A FOURTH ELEMENT OF A NEW FOOD POLICY MUST BE TO ASSURE THE AVAILABILITY OF FOOD AT REASONABLE PRICES.

IN PAST YEARS, FULL PRODUCTION HAS SOMETIMES BEEN TOUTED AS THE ANSWER TO REASONABLE PRICES. BUT FULL PRODUCTION ON THE FARM WILL NOT, BY ITSELF, GUARANTEE MODERATE RETAIL PRICE LEVELS. ONE OF THE MOST IMPORTANT ELEMENTS IN DETERMINING FOOD PRICES IS WHAT HAPPENS TO FOOD AFTER IT LEAVES THE FARM.

MARKETING COSTS HAVE RISEN SO SHARPLY DURING THE PAST FEW YEARS THAT THEY NOW COMPRISE 60% OF THE TOTAL FOOD BILL. INDEED, THE ECONOMIC STATISTICS COOPERATIVES SERVICE OBSERVES THAT THE FOOD PRICE INFLATION OF THE 1970'S HAS, TO A LARGE EXTENT, BEEN ATTRIBUTABLE TO MARKETING COST INCREASES. BETWEEN 1974 AND 1976, MARKETING COSTS INCREASED ABOUT 10% ANNUALLY. ACCORDING TO THE ESCS, "INCREASED MARKETING COSTS WILL AGAIN ACCOUNT FOR MOST OF THE RISE IN CONSUMER FOOD EXPENDITURES IN 1977."

IT IS TRUE THAT SOME OF THE MARKETING COST INCREASE IS ATTRIBUTABLE TO HIGHER ENERGY COSTS AND THE GENERAL INFLATIONARY TREND. BUT IF WE ARE TO HAVE BOTH REASONABLE LEVELS OF FARM INCOME AND REASONABLE PRICES FOR CONSUMERS, WE SIMPLY MUST DEVELOP MECHANISMS TO DISCOURAGE UNNECESSARY COSTS FROM BEING BUILT INTO THE FOOD SYSTEM BETWEEN THE TIME FOOD LEAVES THE FARMER AND THE TIME IT REACHES THE CONSUMER.

THIS MEANS THAT THE GOVERNMENT MUST CEASE ANY ENCOURAGEMENT OF INDUSTRY PRACTICES, AND HALT THE ISSUANCES OF ANY GOVERNMENT REGULATIONS, THAT ADD TO COSTS UNNECESSARILY. GOVERNMENT TRANSPORTATION REGULATIONS ARE AN OBVIOUS AREA WHERE REVIEW AND REVISION COULD LEAD TO REDUCED COSTS. THE "BACK HAUL" REGULATIONS ARE A CASE IN POINT.

OTHER AREAS THAT MAY ALSO LEAD TO UNNECESSARY AND INFLATED COSTS ARE INADEQUATE COMPETITION, EXCESSIVE ADVERTISING, AND EXCESSIVE PACKAGING.



INADEQUATE COMPETITION IS A PARTICULARLY TROUBLESOME AREA. RECENT STUDIES HAVE INDICATED THAT ECONOMIC CONCENTRATION IN FOOD MANUFACTURING AND RETAILING IS INCREASING. ACCORDING TO RUSSELL PARKER, FORMER ASSISTANT DIRECTOR OF ECONOMICS AT THE FEDERAL TRADE COMMISSION, 20 LARGE GROCERY CHAINS ACCOUNTED FOR 37 PERCENT OF TOTAL GROCERY STORE SALES IN THE UNITED STATES IN 1975. THIS REPRESENTS AN INCREASE OF MORE THAN ONE-THIRD FROM THE 27 PERCENT CONTROLLED BY THE 20 LARGEST CHAINS IN 1948. IN A STUDY FOR THE CONGRESSIONAL JOINT ECONOMIC COMMITTEE (JEC) LAST YEAR, UNIVERSITY OF WISCONSIN RESEARCHERS FOUND THAT THE FOUR LARGEST GROCERY RETAILERS IN 194 METROPOLITAN AREAS HELD AN AVERAGE OF 52 PERCENT OF GROCERY SALES. IN ONE FOURTH OF THOSE AREAS, THEY HELD 60 PERCENT OR MORE OF SALES.

PARKER BELIEVES THIS LEADS TO HIGHER PRICES FOR MANY CONSUMERS. HE ASSERTS THAT FTC DATA SHOW THAT "GROCERY CHAINS USE HIGHER MARKUPS OR GROSS MARGINS IN HIGH MARKET SHARE AREAS AND HAVE LOWER MARKUPS WHERE THEY HAVE LOWER MARKET SHARES."

THE STUDY PREPARED FOR THE JEC REACHED SIMILAR CONCLUSIONS. IT FOUND "STRONG EVIDENCE THAT 'MONOPOLY OVERCHARGES', I.E., PRICES ABOVE THOSE IN COMPETITIVE MARKETS, ARE LIKELY IN MARKETS THAT ARE DOMINATED BY ONE OR TWO FIRMS AND/OR WHERE SALES ARE HIGHLY CONCENTRATED AMONG THE LARGEST FOUR FIRMS."

THE STUDY ESTIMATED THAT TOTAL CONSUMER OVERCHARGE DUE TO ECONOMIC CONCENTRATION IN 1974 WAS \$662 MILLION. THE RESEARCHERS CONCLUDED THAT OVERCHARGES VARY FROM CITY TO CITY, DEPENDING ON THE EXTENT OF CONCENTRATION. THEY FOUND THAT, IN 1974, CONSUMERS IN ONE CITY WITH FOUR-FIRM COMPETITION SUFFERED A \$1.6 MILLION OVERCHARGE, WHILE IN ANOTHER CITY WITH ONLY TWO FIRMS CONTROLLING MOST OF THE MARKET CONSUMERS EXPERIENCED AN \$83 MILLION OVERCHARGE.

CONCENTRATION IS ALSO INCREASING AMONG FOOD PROCESSORS. THE NUMBER OF FOOD MANUFACTURERS HAS DECLINED SUBSTANTIALLY OVER THE PAST 30 YEARS. IN 1947, THERE WERE 44,000 FOOD MANUFACTURERS. IN 1972, THERE WERE ONLY 22,171. THIS MAY SEEM LIKE A LARGE NUMBER WHEN COMPARED TO DOMESTIC AUTOMOBILE OR STEEL MANUFACTURERS BUT SEVERAL MAJOR FOOD LINES ARE HIGHLY CONCENTRATED.

FOUR FIRMS CONTROL 84% OF THE BREAKFAST CEREAL MARKET AND 95% OF CANNED BABY FOODS. TWO FIRMS HAVE 58% OF THE SOFT DRINK MARKET. THERE ARE NO MEANINGFUL NATIONAL FIGURES ON CONCENTRATION IN THE BREAD BAKING INDUSTRY, BUT ON A REGIONAL BASIS, THE 4 TOP FIRMS IN 18 DIFFERENT CITIES ACCOUNTED FOR ABOUT 60% OF CONSUMER BREAD PURCHASES.



INADEQUATE COMPETITION MAY EXPLAIN WHY SOFT DRINK PRICES, PRESWEETENED CEREAL PRICES AND BREAD PRICES ROSE AS SUGAR AND WHEAT PRICES WENT UP A FEW YEARS AGO, BUT HAVE NOT FOLLOWED THE DOWNWARD SPIRALS OF THOSE RAW MATERIALS.

MANY INDIVIDUAL AREAS OF FOOD PROCESSING DO REMAIN COMPETITIVE AND FAIRLY REFLECTIVE OF CHANGES IN THE PRICES OF BASIC COMMODITIES, BUT THIS IS AN AREA WHERE PUBLIC POLICY HAS SKIRTED SERIOUS PROBLEMS. THE LATEST DATA AVAILABLE ON FOOD MARKETING IN MANY CASES IS FROM THE 1966 STUDIES OF THE NATIONAL COMMISSION ON FOOD MARKETING. TEN-YEAR-OLD STUDIES ARE OF A LIMITED VALUE IN MAKING FOOD POLICY, AND A FIRST STEP IN THIS AREA SHOULD BE CREATION OF ANOTHER COMMISSION OR A SPECIFIC MANDATE FROM CONGRESS TO UPDATE THE FOOD MARKETING STUDIES. ONCE THE DATA IS AVAILABLE, GOVERNMENT SHOULD ACT TO ASSURE ADEQUATE COMPETITION IN THE FOOD INDUSTRY.

OF COURSE, WHEN COMPETITION ON THE BASIS OF PRICE DECLINES, COMPETITION BASED ON "PRODUCT DIFFERENTIATION" AND MAKING HEAVY USE OF ADVERTISING, OFTEN INCREASES. COMPETITION AMONG AIRLINES IS A CLASSIC CASE IN POINT. AIRLINES NOW SPEND ENORMOUS SUMS TO TELL US THAT THEIR PLANES FLY IN "FRIENDLY SKIES" OR FEATURE ATTRACTIVE HOSTESSES WHO WILL "FLY US" TO OUR DESTINATION.

THIS SAME PATTERN IS FREQUENTLY SEEN IN PARTS OF THE FOOD INDUSTRY. THE DECLINE OF PRICE COMPETITION IS REPLACED BY AN UPSURGE IN "PRODUCT DIFFERENTIATION" COMPETITION. IN THE FOOD AREA, ADVERTISING AND PACKAGING ARE KEY ELEMENTS OF THIS GROWING TYPE OF COMPETITION. WHILE BOTH ADVERTISING AND PACKAGING HAVE VALID MARKET PLACE ROLES, EXPENDITURES FOR BOTH HAVE GROWN BEYOND REASON IN SOME PRODUCT LINES. BOTH TOGETHER HAVE BECOME A SIGNIFICANT PORTION OF THE INCREASING FOOD MARKETING BILL AND NEED REEXAMINATION BY MANUFACTURERS AND POLICYMAKERS.

ADVERTISING NOW ACCOUNTS FOR ABOUT THREE PERCENT OF THE FOOD MARKETING BILL. SOME OF IT IS PRICE SPECIFIC BUT MOST OF IT IS DIRECTED AT PRODUCT DIFFERENTIATION.

OF MAJOR CONCERN IS THE INCREASINGLY HEAVY ROLE OF ADVERTISING IN PROMOTING NON-NUTRITIVE FOOD ITEMS. GOVERNMENT IS BECOMING MORE CONCERNED WITH THE HEALTH IMPLICATIONS OF FOOD ADVERTISING. THE FTC HAS MOVED TO REGULATE NUTRITIONAL CLAIMS AND MAY ACT TO STRICTLY LIMIT FOOD ADVERTISING AIMED AT CHILDREN. THE FDA COMMISSIONER HAS MADE CLEAR HIS VIEW THAT ADVERTISING IS AN EXTENSION OF LABELING AND SHOULD BE REGULATED ACCORDINGLY.



THERE MAY BE OTHER WAYS GOVERNMENT SHOULD ENCOURAGE FOOD VALUE AS MEASURED BY PRICE AND NUTRITION. COMPANIES THAT ADVERTISE FOOD ON TELEVISION MIGHT BE REQUIRED TO GIVE EQUAL TIME TO NUTRITION MESSAGES. GOVERNMENT COULD MAKE COMPARATIVE NUTRITIONAL PRICE INFORMATION AVAILABLE TO CONSUMERS IN PLACES WHERE PEOPLE BUY FOOD AND/OR IN THE ELECTRONIC OR PRINT MEDIA.

GOVERNMENT ENCOURAGEMENT OF ADVERTISING THROUGH TAX DEDUCTIBILITY HAS BEEN ATTACKED BY SOME CONSUMER ORGANIZATIONS AND THIS AREA IS ONE FOR EXAMINATION IN PUBLIC POLICY FORMATION. ANY LIMITS ON TAX DEDUCTIBILITY WOULD, HOWEVER, HAVE TO DEAL WITH THE PROBLEM OF SPECIAL PROVISION FOR ADVERTISING BY NEW COMPETITORS ENTERING CONCENTRATED MARKETS, AND FOR COMPETITORS WITH A SMALL SHARE OF CONCENTRATED MARKET.

PACKAGING IS ANOTHER IMPORTANT AREA. PACKAGING COSTS NOW ACCOUNT FOR 13% OF THE FOOD MARKETING BILL. BETWEEN 1958 AND 1974, THE CONSUMER PRODUCT COST REPRESENTED BY PACKAGING DOUBLED FOR ITEMS LIKE DAIRY PRODUCTS, PRODUCE, BEVERAGES AND CANDY. THE ECONOMIC RESEARCH SERVICE SAYS THAT PACKAGING COSTS ARE LIKELY TO INCREASE 7% A YEAR THROUGH 1980. THE INCREASE WILL COME BOTH FROM GROWING COSTS OF MATERIALS AND FROM INCREASED USE. WE DON'T KNOW HOW MUCH OF THESE COSTS ARE ACCOUNTED FOR BY UNNECESSARY PACKAGING, NOR DO WE KNOW HOW MUCH PACKAGING IS USED SOLELY FOR PRODUCT IDENTIFICATION PURPOSES ON HOW MUCH PACKAGING IS NEEDED FOR PROTECTION IN SHIPPING AND SALES. IT IS UNLIKELY THAT GOVERNMENT CAN MAKE REASONABLE DECISIONS ABOUT PACKAGING WITHOUT THAT KNOWLEDGE.

IT SHOULD ALSO BE NOTED THAT PACKAGING NOW ACCOUNTS FOR 30-40% OF TOTAL MUNICIPAL SOLID WASTE -- AND EXPENDITURES FOR SOLID WASTE DISPOSAL AMOUNT TO ABOUT \$4 BILLION A YEAR. REASONABLE PUBLIC POLICY SHOULD ASSESS WHETHER THAT IS AN ACCEPTABLE COST.

A FEW FINAL POINTS ON FOOD PRICES AND WHAT TO DO ABOUT THEM SHOULD BE NOTED. THERE ARE TWO COURSES OF ACTION THAT WE MUST RESIST AS POSSIBLE COST-CUTTING MEASURES. ONE IS TO CUT FOOD COSTS BY CUTTING FARMER INCOME EVEN FURTHER. THE OTHER IS TO PERMIT THE USE OF QUESTIONABLE SUBSTANCES IN FOODS OR TO RELAX HEALTH AND SAFETY REGULATIONS. THERE ARE FEW IF ANY ACCEPTABLE TRADEOFFS OF SAFETY FOR SAVINGS. A CHEAP FOOD SUPPLY PURCHASED AT THE EXPENSE OF HEALTH PROTECTION IS NO BARGAIN.



V. SAFE AND HIGH QUALITY FOOD

GIVEN WHAT I'VE JUST BEEN SAYING, IT SHOULD COME AS NO SURPRISE THAT THE ASSURANCE OF A SAFE AND HIGH QUALITY FOOD SUPPLY IS THE FIFTH ELEMENT OF MY FOOD POLICY. ALTHOUGH FOOD SAFETY IS VIRTUALLY UNCHALLENGED AS AN APPROPRIATE GOAL, THE MEANS TO ACHIEVING FOOD SAFETY HAVE BEEN IN DISPUTE FOR OVER 80 YEARS. THE FEDERAL EFFORT TO ASSURE FOOD SAFETY DATES BACK TO 1906, WHEN THE ORIGINAL PURE FOOD AND DRUG ACT WAS PASSED -- IN LARGE PART BECAUSE OF A GRAVE PUBLIC CONCERN OVER THE USE OF CHEMICALS IN PREPARED FOODS. THE ACCEPTABILITY OF CHEMICALS IN FOOD CONTINUES TO BE A HOTLY DEBATED ISSUE TODAY.

THERE ARE A NUMBER OF LAWS ON THE BOOKS -- SUCH AS THE FOOD AND DRUG ACT, THE MEAT INSPECTION ACT, AND THE POULTRY PRODUCTS INSPECTION ACT -- THAT ARE FIRM IN THEIR REJECTION OF SAFE CHEMICALS. A FOOD POLICY THAT HAS AS ITS FIRST CONCERN THE NUTRITIONAL WELL-BEING OF THE PUBLIC CAN ILL AFFORD TO BE LESS STRICT THAN PRESENT LAW. SUCH A FOOD POLICY MUST ALSO INCLUDE VIGILANT ENFORCEMENT OF THESE LAWS.

THIS MAY NOT BE ENOUGH, HOWEVER. GOVERNMENT ACTION TO PROMOTE FOOD SAFETY MAY NEED TO ENTER NEW AREAS. PRESENT LAWS DEAL WITH FOOD ADDITIVES AND MANUFACTURING PROCESSES. YET EVIDENCE NOW SUGGESTS LINKS BETWEEN HIGH CONSUMPTION LEVELS OF SUBSTANCES SUCH AS SALT AND FAT, AND SUCH DISEASES AS HIGH BLOOD PRESSURE AND A VARIETY OF CANCERS. A FOOD POLICY CONCERNED WITH FOOD SAFETY SHOULD BE ABLE TO DEAL WITH THESE PROBLEMS AS WELL. PERHAPS WE SHOULD BECOME AS CONCERNED ABOUT THE FAT IN A HOT DOG AS WE ARE ABOUT THE NITRITE.

IN ANY EVENT, WHENEVER GOVERNMENT TAKES ACTION ON A FOOD SAFETY ISSUE TO PROTECT THE HEALTH OF ITS CITIZENS -- WHETHER THE ACTION INVOLVED IS UNSAFE CHEMICALS OR A SUBSTANCE SUCH AS FAT -- THERE IS A POTENTIAL FOR ADVERSE ECONOMIC IMPACT ON SOME COMPANIES AND INDIVIDUALS. FOR EXAMPLE, PENDING GOVERNMENT DECISIONS THAT COULD LEAD TO BANS ON THE USE OF TETRACYCLINE IN ANIMAL FEED OR THE USE OF SODIUM NITRITE IN MEAT PROCESSING MAY HAVE SIGNIFICANT IMPACTS ON MEAT PRODUCERS AND PROCESSORS.

WHEN GOVERNMENT ACTS TO EXCLUDE PREVIOUSLY APPROVED PRODUCTS, PUBLIC POLICY ON FOOD SAFETY SHOULD INCLUDE WAYS TO EASE THE TRANSITION. THIS WOULD REQUIRE, AT A MINIMUM, COLLECTION OF ADEQUATE DATA ON WHAT THE REAL COSTS TO THE INDUSTRY WILL BE. PRESENT DATA ARE ALMOST ALWAYS THE INDUSTRY'S "WORST CASE" ASSESSMENT OF THE IMPACT. POLICY MAY ALSO HAVE TO INCLUDE MECHANISMS FOR EASING THE FINANCIAL BURDEN OF SMALLER FIRMS.



I KNOW SOME WILL ARGUE THAT CONSUMER SOVEREIGNTY IN THE MARKET PLACE SHOULD PERMIT CONSUMERS TO PURCHASE ANYTHING, NO MATTER WHAT ITS HEALTH EFFECTS. BUT IN OTHER AREAS, THE FEDERAL GOVERNMENT DOES NOT FALL BACK ON THAT ARGUMENT AS A WAY OUT OF ITS RESPONSIBILITIES. THE FEDERAL GOVERNMENT REGULATES DANGEROUS OR TOXIC CHEMICALS. WE ATTEMPT TO CONTROL WATER AND AIR POLLUTION. GOVERNMENT FUNDS THE CONSTRUCTION OF MUNICIPAL SANITATION SYSTEM. FEDERAL PROGRAMS HELP PROTECT PEOPLE FROM DISEASE VIA VACCINATION AND INNOCULATION CAMPAIGNS. GOVERNMENT SHOULD PLAY NO LESS RESPONSIBLE ROLE IN THE FOOD SYSTEM.

GOVERNMENT POLICY MUST ALSO DEAL WITH THE EMERGING ISSUE OF FOOD QUALITY. PUBLIC POLICY SHOULD ADDRESS MORE ADEQUATELY SUCH QUESTIONS AS THE CONSTRUCTION AND COMPOSITION OF PROCESSED FOODS. INDUSTRY IS ENGAGED IN A CONSTANT EFFORT TO BRING NEW TECHNOLOGY TO FOOD PROCESSING. THE RESULTS ARE SOMETIMES ICE CREAM THAT IS NOT LIKE WHAT MOTHER USED TO MAKE, OR TISSUE FROM GROUND BONE IN HOT DOGS. IT IS UNLIKELY THAT PUBLIC POLICY SHOULD EXCLUDE THE RESULTS OF NEW TECHNOLOGY FROM THE MARKETPLACE BUT IT MUST FIND BETTER WAYS TO ASSURE CONSUMERS THAT THE QUALITY OF NEW FOODS -- THEIR NUTRITIONAL VALUE, TASTE AND APPEARANCE -- ARE AS GOOD OR BETTER THAN THE PREVIOUS PRODUCT. WE MUST ALSO FIND BETTER WAYS TO DIFFERENTIATE BETWEEN PRODUCTS ASSOCIATED WITH CERTAIN BASIC MATERIALS OR PROCESSING METHODS AND THOSE MADE IN LABORATORIES OR WITH NEW INGREDIENTS OR METHODS SO THAT CUSTOMERS WILL UNDERSTAND WHAT THEY ARE PURCHASING.

## VI. DOMESTIC FOOD ASSISTANCE

FINALLY, FOOD POLICY MUST ALSO DEAL WITH THOSE PEOPLE WHO DO NOT HAVE THE ABILITY TO AFFORD AN ADEQUATE DIET. PRESENT GOVERNMENT POLICY SUPPORTS FOOD FOR SUCH INDIVIDUALS THROUGH A VARIETY OF PROGRAMS THAT APPROACH THE PROBLEM IN VARIOUS WAYS. THE FOOD STAMP PROGRAM INCREASES FOOD CONSUMPTION BY INCREASING INCOME AND LIMITING THE INCREASE TO FOOD PURCHASES. THE SCHOOL BREAKFAST, SCHOOL LUNCH AND OTHER CHILD NUTRITION PROGRAMS PROVIDE MEALS IN AN INSTITUTIONAL SETTING. THE WOMEN, INFANTS, CHILDREN FOOD PROGRAM (WIC) PROVIDES PRESCRIPTION FOOD PACKAGES TO VULNERABLE PERSONS AT NUTRITIONAL RISK DURING THE MOST CRITICAL PHASE OF HUMAN GROWTH AND DEVELOPMENT.

THE PRESIDENT HAS PROPOSED TO ELIMINATE THE FOOD STAMP PROGRAM IN FAVOR OF A GENERAL CASH ASSISTANCE PROGRAM. HIS PROPOSAL ASSUMES THERE WILL BE NO APPRECIABLE LOSS OF NUTRITION AS A RESULT. AVAILABLE STUDIES SEEM TO SUPPORT THAT ASSUMPTION. THEY SHOW THAT LOW-INCOME FAMILIES TEND TO ALLOCATE THEIR MONEY WISELY AND TO GET MORE NUTRIENTS PER FOOD DOLLAR THAN THE MIDDLE INCOME.



IN THE INSTITUTIONAL FEED PROGRAMS -- SUCH AS SCHOOL LUNCH -- THE ISSUE OF FOOD QUALITY IS BECOMING A GROWING CONCERN. IN THE PAST FEW YEARS, SOME ITEMS OF QUESTIONABLE NUTRITIONAL VALUE -- SUCH AS FORTIFIED GRAIN-FRUIT PRODUCTS AND FORMULATED MILK PRODUCTS, WERE ALLOWED INTO SOME OF THESE PROGRAMS. WE HAVE MOVED TO PREVENT THEIR FURTHER USE.

PLATE WASTE AND MEALS THAT FAIL TO MEET PORTION AND NUTRITION REQUIREMENTS ARE ADDITIONAL PROBLEMS OF THE INSTITUTIONAL FEEDING PROGRAMS.

THESE PROGRAMS MUST BE UPGRADED BY PLACING GREATER EMPHASIS ON SERVING HEALTHY, APPETIZING DIETS IN ATTRACTIVE SETTINGS. THESE PROGRAMS SHOULD BE LEARNING LABORATORIES FOR GOOD NUTRITION -- TEACHING BY EXAMPLE THAT FOOD CAN BE BOTH NUTRITIOUS AND APPETIZING.

THE WOMEN, INFANT, CHILDREN FEEDING PROGRAM HAS PERHAPS THE GREATEST CAPACITY TO USE GOOD NUTRITION TO IMPROVE HEALTH AND ASSIST IN BREAKING THE CYCLE OF POOR CHILDHOOD DEVELOPMENT THAT IS OFTEN ASSOCIATED WITH POOR NUTRITION. IT PROVIDES HIGH QUALITY PROTEIN, IRON, CALCIUM AND VITAMINS A AND C TO PREGNANT WOMEN, NURSING MOTHERS AND YOUNG CHILDREN. BECAUSE WIC OPERATES THROUGH HEALTH CARE PROGRAMS, IT INTEGRATES HEALTH CARE, NUTRITION EDUCATION AND FOOD ASSISTANCE. IT HAS BEEN SHOWN TO RESULT IN SUBSTANTIALLY INCREASED VISITS TO PRENATAL AND NEONATAL HEALTH CLINICS -- AS WELL AS IN THE INCREASED CONSUMPTION OF NUTRITIOUS FOODS DURING A CRITICAL GROWTH STAGE.

#### CONCLUSION

THE FOOD POLICY I'VE DESCRIBED -- AND THE QUESTIONS IT RAISES -- MAY MAKE SOME PEOPLE UNCOMFORTABLE. CONSUMERS WORRY THAT CHANGES IN THE FOOD ECONOMY WILL HURT THEM BY CREATING HIGHER PRICES. FARMERS ARE ALREADY ANGRY BECAUSE MORE OF THE RETURNS FROM RETAIL FOOD SALES DOESN'T FLOW TO THEM. THEY FEAR THAT GOVERNMENT INTERVENTION IN PRODUCTION IN THE NAME OF HEALTH OR NUTRITION WILL PUT THEM IN AN EVEN MORE PRECARIOUS ECONOMIC SITUATION. PROCESSORS AND RETAILERS ALREADY COMPLAIN THAT THEIR PROFIT MARGINS ARE TOO LOW, AND THAT MORE GOVERNMENT REGULATION WILL CAUSE THEIR FINANCIAL RUIN.

THE CONCERN ABOUT PRICES AND PROFITS IS REASONABLE. BUT WE CANNOT IGNORE OUR BASIC RESPONSIBILITIES TO SAFEGUARD THE NUTRITION AND HEALTH OF OUR CITIZENS. THE CHALLENGE BEFORE US THEREFORE, IS TO SHAPE A NEW FOOD POLICY THAT PROVIDES HEALTHFUL FOOD, AND DOES THIS AT REASONABLE PRICES WITH A REASONABLE RETURN TO THOSE WHO GET THE FOOD TO OUR TABLES. THIS IS A BIG JOB, BUT IT IS ONE OF THE MOST IMPORTANT TASKS OF PUBLIC AND PRIVATE POLICY IN OUR TIME.











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